

## Message Text

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ACTION EUR-12

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DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04  
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TAGS: EEC, EIND, ETRD  
SUBJECT: EC CRISIS PLAN FOR STEEL INDUSTRY

REF: A) EC BRUSSELS 11929, B) EC BRUSSELS 11735  
C) EC BRUSSELS 11580

1. THE CONSULTATIVE COMMITTEE OF THE EUROPEAN COAL AND STEEL  
COMMUNITY (ECSC) HAS ANNOUNCED (DECEMBER 16) ITS SUPPORT FOR  
THE EC COMMISSION CRISIS PLAN FOR THE STEEL INDUSTRY. THIS  
ACTION CLEARS THE WAY FOR A SPECIAL COMMISSION MEETING ON  
DECEMBER 20 WHICH WILL FORMALLY ANNOUNCE THE IMPLEMENTATION  
OF THE PLAN FOR JANUARY 1. AT ITS DECEMBER 8 MEETING THE  
COMMISSION DECIDED THAT A CRISIS DID IN FACT EXIST IN THE  
COMMUNITY STEEL INDUSTRY AND THAT AFTER CONSULTATIONS WITH  
MEMBER STATES AND THE CONSULTATIVE COMMITTEE, A DECISION  
SHOULD BE MADE TO IMPLEMENT THE PLAN.

2. A SIMONET PRESS CONFERENCE WHICH WAS SCHEDULED  
DECEMBER 9 FOR THE FORMAL ANNOUNCEMENT OF THE PROGRAM'S  
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COMMENCEMENT HAD TO BE POSTPONED TO GIVE THE ECSC CONSUL-  
TATIVE COMMITTEE A LOOK AT THE PROPOSALS AND TO ACCOM-  
MODATE FRG OBJECTIONS THAT THE BRITISH AND ITALIAN  
PRODUCERS WERE BEING ASKED TO TAKE MUCH SMALLER CUTS  
THAN THE GERMAN PRODUCERS.

3. THE ESSENTIAL ELEMENT OF THE PLAN IS VOLUNTARY DELIVERY QUOTAS OR TARGETS BY ENTERPRISE OR GROUP OF ENTERPRISES AND THE POSSIBILITY OF ADAPTING MINIMUM REFERENCE PRICES (REFTELS). UNDER THE PLAN, ENTERPRISES WILL BE ASKED TO VOLUNTARILY ALIGN THEIR DOMESTIC DELIVERIES ACCORDING TO GUIDELINES LAID DOWN IN QUARTERLY FORECASTS (FORWARD PROGRAMS). THIS WILL ALSO APPLY TO COMPANY GROUPS, OR REGIONAL ASSOCIATIONS OF COMPANIES. (THE COMMISSION SAYS THAT ABOUT 400 IMPORTANT COMPANIES WILL BE COMBINED INTO 60 ADDRESSEES.) DELIVERY TARGETS WILL ALSO BE BROKEN DOWN INTO SIX PRODUCT CATEGORIES: BEAMS, WIRE ROD, REINFORCING BARS, OTHER MERCHANT BARS, HEAVY AND MEDIUM PLATE AND COLD REDUCED SHEET. THE DISAGGREGATED COMPANY TARGETS WILL BE KEPT SECRET BY THE COMMISSION.

4. AT THE MEETING OF THE CONSULTATIVE COMMITTEE ON THE 16TH, SIMONET SAID THAT THE PROGRAM WOULD OPERATE FOR A TRIAL PERIOD OF FOUR MONTHS AFTER WHICH THE COMMISSION WOULD RE-EXAMINE THE SITUATION. HE ADDED THAT THE QUOTAS, WHICH WILL BE ESTABLISHED PRIMARILY ON THE BASIS OF 1974 PRODUCTION LEVELS (ALLOWING FOR RECENT CHANGES IN CAPACITY), WILL ALSO TAKE INTO CONSIDERATION SOCIAL AND EMPLOYMENT PROBLEMS.

5. THE COMMISSION EXPECTS TO JUDGE THE SUCCESS OF THE QUOTAS ON THE BASIS OF INCOME STATEMENTS BY COMPANIES. IF THE EFFECT IS INSUFFICIENT, THE COMMISSION, WE ARE TOLD, WOULD PUBLISH A SUGGESTED MINIMUM REFERENCE PRICE BEFORE TAKING POSSIBLE RECOURSE TO AN OBLIGATORY MINIMUM

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PRICE AS PROVIDED FOR IN ARTICLE 61 OF THE ECSC TREATY.

6. IN A RELATED DEVELOPMENT AT A STEEL INDUSTRY CONGRESS DECEMBER 9 IN THE HAGUE, THE IRAON AND STEEL PRODUCERS OF THE EC FORMALLY CONVERTED THEIR "STEEL CLUB" INTO A PRODUCERS' ASSOCIATION CALLED EUROFER (REF TELS). THE ANNOUNCED AIM OF THE NEW ASSOCIATION IS TO ENCOURAGE COOPERATION BETWEEN THE DIFFERENT IRON AND STEEL ASSOCIATIONS AND BETWEEN ENTERPRISES, AND TO REPRESENT THEIR COMMON INTERESTS ESPECIALLY IN DEALINGS WITH THE EUROPEAN COMMISSION. THE COMMISSION HAS TOLD THE MISSION THAT IT WELCOMED THE FORMATION OF EUROFER PROVIDED THAT THE ECSC TREATY AND THE RULES OF COMPETITION ARE RESPECTED. THE COMMISSION COUNTS ON EUROFER'S INFLUENCE TO GET INDUSTRY COOPERATION WITH THE CRISIS PLAN BUT CLAIMS THAT IT WILL NOT USE EUROFER AS THE INSTRUMENT OF QUOTA ALLOCATION TO ENTERPRISES. JACQUES FERRY, CHAIRMAN OF THE FRENCH IRON AND STEEL PRODUCERS

ASSOCIATION, WAS NAMED PRESIDENT OF EUROFER FOR A TERM  
OF TWO YEARS. HINTON

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